

Kentucky Agricultural Finance Corporation

Minutes of the October Meeting

The meeting of the Kentucky Agricultural Finance Corporation was held on Friday, October 6, 2006 at 11:00 AM EDT in room C109 of the Transportation Conference Center in Frankfort, Kentucky. Michael Judge, (designee for Commissioner Farmer), called the meeting to order. Mr. Judge then asked Nicole Ray, Secretary, to call the roll.

Members Present

Commissioner Farmer (Michael Judge, designee), Secretary John Farris (Jennifer Sheehan, designee), Bob Gaslin, Wayne Hunt, Doug Lawson, Billy Joe Miles, Bob Proffitt, James Reams, Annette Crawford Walters

Members Absent

Larry Jaggars, Charles Miller, Frank Penn

Others Present

Staff - Catherine Ball, Tim Hughes, Bill McCloskey, Nicole Ray, Keith Rogers

Guests- Anna Kindrick, Kentucky Department of Agriculture; Roberta, Corbin and Bob England, applicants; Kaycie Carter, Community Farm Alliance

Notification of Press

Keith Rogers stated that the media had been notified.

Review and approval of Minutes of September 1, 2006

A motion to approve the September minutes was made by Mr. Miles, seconded by Mr. Lawson. The motion passed without dissent.

Executive Director's Report

Mr. Rogers called the attention of the Board to a copy of the power point presentation in the update folder that he and Mr. Hughes presented to the Tobacco Settlement Agreement Fund Oversight Committee on September 12 (on file with Board Secretary). Mr. Rogers notified the Board that representatives of the Community Farm Alliance also spoke at the committee meeting. He called the attention of the Board to a copy of the press release in the update folder that was sent out by LRC after the meeting and an article from the Owensboro Messenger-Inquirer (on file with Board Secretary).

Mr. Rogers thanked the Board members who attended the groundbreaking ceremony for Kentucky BioProcessing in Owensboro on September 8.

Mr. Rogers notified the Board that the Agricultural Development Board annual planning session will be held on November 16-17 at Buckhorn State Park and invited any KAFC members to attend if they desire.

Mr. Rogers updated the Board on the former West Kentucky Growers' Cooperative facility in Owensboro. One proposal was received; therefore the review committee will not have to meet to hold interviews with the companies. The KAFC Board will be updated on the proposal at the November Board meeting. The November meeting will be

held on November 3rd at the Clarion Hotel in Louisville in conjunction with the Women in Agriculture conference.

Mr. Rogers presented a loan summary from the update folder for an applicant that does not qualify for the Beginning Farmer or the Agricultural Infrastructure Loan Program. He questioned the Board if this application is from the type of individual whom they are trying to help and if the Board would like to consider reviewing the guidelines for earning limitations.

Mr. Rogers stated that in the Beginning Farmer Loan Program guidelines, the maximum net worth allowed is \$250,000. Staff will review the applicant's balance sheet and land value to determine whether the numbers are reasonable.

Marketing and Business Development Coordinator's Report

Mr. Hughes presented the current status report from the update folder (on file with Board Secretary).

Mr. Hughes notified the Board that he will be attending the National Council of State Agricultural Finance Programs conference in New York the following week.

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0032 Original application submitted by South Central Bank of Elizabethtown was approved on June 2, 2006. The loan officer has since moved to Magnolia Bank in Hodgenville. Applicants requested in a letter dated September 2, 2006 that the KAFC commitment be transferred to Magnolia Bank. **Ms. Walters moved to approve the request for AF06-0032, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0054 Staff is awaiting additional information for this loan.

AF06-0065 Application was approved by the Board on September 1, 2006. The applicant has applied for a Beginning Farmer loan, AF06-0073. Upon approval of that loan, AF06-0065 will be withdrawn.

AF06-0068 Applicant requested \$44,000 over ten years for the construction of a 62,000 bushel grain bin and equipment in Graves County. Jackson Purchase ACA in Mayfield is the participating lender. **Application AF06-0068 has met the requirements and was approved by staff on September 5, 2006.**

AF06-0069 Staff is awaiting additional information for this loan.

AF06-0071 Applicants are requesting \$63,640 over ten years for construction of a feeding shed, installation of waterers, excavation, fencing and renovations in Washington County. Central KY Ag Credit in Lebanon is the participating lender. **Mr. Miles moved**

to approve AF06-0071, Mr. Reams seconded the motion. The motion passed without dissent.

AF06-0072 KAFC staff and the lender could not determine a satisfactory security position for KAFC that was acceptable to the applicant. The applicant has decided to withdraw the application.

AF06-0075 Applicants are requesting \$100,000 over ten years for construction of a 104' x 300' free-stall dairy barn in Simpson County. Independence Bank in Bowling Green is the participating lender. **Mr. Miles moved to approve AF06-0075 contingent on KAFC receiving an appraisal showing no worse than 85% loan-to-value. Mr. Proffitt seconded the motion. The motion passed without dissent.**

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0053 Staff will be meeting with the applicants on October 18th to help compile a financial package and prepare a recommendation for the Board. This project has also applied for Kentucky Agricultural Development Funds.

AF06-0055 Staff is awaiting additional information for this loan.

AF06-0074 Applicants are requesting \$800,000 over fifteen years for the construction of a 70,000 square foot livestock marketing facility in Barren County. Edmonton State Bank in Glasgow is the participating lender. The loan review committee will make a recommendation to the Board at the November meeting. At this time the committee is considering a recommendation for approval of up to 10% of the project cost or \$250,000 with contingencies if all necessary information is submitted by the applicants.

Beginning Farmer Loan Program – Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0070 Applicants are requesting \$50,000 over six years for the purchase of 40 beef cows and two bulls in Monroe County. South Central Bank in Tompkinsville is the participating lender. **Mr. Hunt moved to approve AF06-0070, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF06-0073 Applicant is requesting \$55,000 over ten years for construction of an 11-bent tobacco barn, a greenhouse and renovations. Central KY Ag Credit in Lebanon is the participating lender. Applicant was approved for an Agricultural Infrastructure loan in September, AF06-0065. If approved, AF06-0073 will replace the loan for AF06-0065. **Ms. Walters moved to approve AF06-0073, Mr. Proffitt seconded the motion. The motion passed without dissent. AF06-0065 will be withdrawn by the applicant.**

Old Business

West Kentucky Growers' Cooperative Facility – topic was addressed in the Executive Director's report.

Other Business

No other business.

Closing Remarks

The motion to adjourn was made by Mr. Proffitt, seconded by Ms. Sheehan. The motion passed without dissent.

The meeting adjourned at 12:20pm EDT.